

Message Text

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ACTION ARA-14

INFO OCT-01 AF-10 EUR-12 EA-10 NEA-10 ISO-00 CIAE-00

DODE-00 PM-05 H-01 INR-10 L-03 NSAE-00 NSC-05

PA-01 SP-02 SS-15 USIA-06 AID-05 COME-00 EB-08

FRB-03 TRSE-00 XMB-02 OPIC-03 LAB-04 SIL-01

OMB-01 CEA-01 STR-07 ITC-01 SOE-02 DOE-11 INT-05

ACDA-12 HA-05 OES-07 IO-13 /196 W

-----105923 150433Z /63

R 141614Z MAR 78

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 1562

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMCONSUL DHAHRAN

AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY DOHA

USINT BAGHDAD

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY PARIS

AMEMBASSY QUITO

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY OTTAWA

AMEMBASSY VIENNA

C O N F I D E N T I A L CARACAS 2459

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E.O. 11652: GDS

TAGS: ENRG, OPEC, VE

SUBJECT: PRESIDENTIAL VIEWS ON OPEC ISSUES

REF: (A) CARACAS 2456 (B) VIENNA 0948 (C) CARACAS 12475

BEGIN UNCLASSIFIED

1. PRESIDENT PEREZ MADE ONLY PASSING REFERENCES IN HIS FOURTH ANNUAL "STATE OF THE NATION" ADDRESS BEFORE CONGRESS ON MARCH 10 TO HIS PROPOSAL TO THE DECEMBER OPEC MEETING THAT THE PROCEEDS OF AN OIL PRICE INCREASE GO TO RELIEVE THE DEBT BURDEN OF THE LDCS. IN A LENGTHY SPEECH DEVOTED PRIMARILY TO HIS ADMINISTRATION'S DOMESTIC ACCOMPLISHMENTS, (REF A) HE DESCRIBED THE DECEMBER MEETING IN CARACAS AS A CLEAR AFFIRMATION OF OPEC'S UNITY WHILE NOTING THERE HAD BEEN NO DECISION FOR A PRICE INCREASE. ALL THAT REMAINED PENDING FROM THE MEETING WAS CONSIDERATION OF HIS PROPOSAL FOR SOLIDARITY WITH THE THIRD WORLD WHICH HE SAID WAS IN FURTHERANCE OF THE PROGRAMS PROCLAIMED BY OPEC AT THE 1975 HEADS OF STATE MEETING IN ALGERIA.

2. PEREZ REFERRED TO HIS PROPOSAL AGAIN IN THE CONTEXT OF THE NORTH SOUTH DIALOGUE. DESCRIBING THE DEBT PROBLEM AS AMONG THE MOST DISTURBING ISSUES FACING THE WORLD ECONOMY, HE SAID HE HAD MADE HIS PROPOSAL TO CALL ATTENTION TO THIS PROBLEM, TO MAKE CLEAR VENEZUELA'S WILLINGNESS TO CONTRIBUTE TO ITS RESOLUTION, AND TO SET FORTH THE RESPONSIBILITY OF THE INDUSTRIALIZED COUNTRIES IN THIS REGARD. CONSULTATIONS ON THIS ISSUE WITHIN OPEC, HE SAID, ALWAYS TAKE PLACE WITH THE UNDERSTANDING THAT REAL RESPONSIBILITY FOR IT LIES WITH THE DEVELOPED COUNTRIES.

3. DISCUSSING THE RELATIONSHIP BETWEEN THE DOLLAR AND THE
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VENEZUELAN BOLIVAR, PEREZ SIMPLY NOTED THAT OPEC MEMBERS WERE ALSO STUDYING THE SITUATION OF THE DOLLAR IN THE CONTEXT OF THE ORGANIZATION'S PREVIOUS DECISION REGARDING THE USE OF SDRS. HE ALSO REFERRED BRIEFLY TO HIS MID-1977 TRIP TO THE PERSIAN GULF AND AUSTRIA, ALLUDING TO HIS ROLE IN RESOLVING THE PRICE SPLIT WHILE MAINTAINING THAT THE FUNDAMENTAL PURPOSE OF THE TRIP WAS TO CONSOLIDATE VENEZUELA'S TIES WITH THE OTHER OPEC MEMBERS. END UNCLASSIFIED.

4. BEGIN CONFIDENTIAL. COMMENT. PEREZ'S ALMOST MATTER OF FACT REFERENCES TO HIS DECEMBER PRICE INCREASE/DEBT RELIEF PROPOSAL SEEMS TO CONFIRM THE BELIEF PREVALENT LOCALLY AND WITHIN OPEC (REF B AND OTHERS) THAT FOR ALL PRACTICAL PURPOSES THIS PROPOSAL IS DEAD FOR NOW. LOCAL SOURCES HAVE CONSISTENTLY MAINTAINED THAT THIS PROPOSAL WAS CONCEIVED AT THE LAST MINUTE, APPARENTLY BY PEREZ HIMSELF WITHOUT THE KNOWLEDGE OF ENERGY MINISTER HERNANDEZ, AND WAS INTENDED TO SERVE DOMESTIC POLITICAL PURPOSES (REF C). WHILE PEREZ IS SINCERE IN HIS DESIRE TO HELP THE THIRD WORLD AND MAY FIND IT USEFUL TO REFER TO HIS INITIATIVE BOTH PUBLICLY AND PRIVATELY FOR SOME TIME TO COME, WE DOUBT THAT THE GOV WILL MAKE A STRONG EFFORT WITHIN OPEC FOR ITS ADOPTION, PARTICULARLY NOW THAT VENEZUELA ITSELF IS UNDERGOING A TOUCH OF BELT

TIGHTENING AS A RESULT OF REDUCED OIL EXPORTS. FINALLY, THIRD
WORLD INITIATIVES DO NOT APPEAR TO STAND VERY HIGH IN THE PROGRAMS
OF EITHER OF THE MAJOR CANDIDATES IN THE COMING PRESIDENTIAL
ELECTION.
VAKY

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NNN

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